

IN THE MATTER OF THE *SECURITIES ACT*,
S.N.B. 2004, c. S-5.5

AND IN THE MATTER OF

**TEXAS ENERGY MANAGEMENT,
FALCON PETROLEUM RESOURCES and
SECURED PRECIOUS METALS INTERNATIONAL, INC.**

(Respondents)

STATEMENT OF ALLEGATIONS

(of Staff of the New Brunswick Securities Commission)

1. Texas Energy Management ("TEM") has a corporate mailing address at 1909 Central Drive, Suite 103, Bedford, Texas. TEM is not registered to trade in securities in New Brunswick, nor has it filed a prospectus or a Report of Exempt Distribution with the New Brunswick Securities Commission (the "NBSC").
2. Falcon Petroleum Resources ("FPR") has a corporate mailing address at 1240 Southridge Court, Suite 104, Hurst, Texas. FPR is not registered to trade in securities in New Brunswick, nor has it filed a prospectus or a Report of Exempt Distribution with the NBSC.
3. Secured Precious Metals, Inc. ("SPMI") is Florida corporation located at 6499 NW 9th Avenue, Suite 207, Fort Lauderdale, Florida. SPMI is not registered to trade in securities in New Brunswick, nor has it filed a prospectus or a Report of Exempt Distribution with the NBSC.
4. In late September or early October 2011, a New Brunswick resident (the "New Brunswick resident"), was cold called at home by a man calling on behalf of TEM. The caller solicited the New Brunswick resident to invest in an oil well development in the El Paso, Texas area, and informed the New Brunswick resident he would send him information by courier.
5. Three or four days after the initial call, the New Brunswick resident received a TEM package of information via courier. This package contained:
 - Information on the "Beville-Smith Drilling Program", which describes this opportunity as "a low risk development drilling program, which offers a very good potential rate of return on an investment in the program", and which discussed approximate theoretical potential returns (found in the "Income Conversion Table");

- A Form W-2 (an application for completion of an oil well);
 - Information about Rodessa Operating Co (which purports to be “a full service Oil And Gas Operating company”);
 - A list of TEM’s Production Team;
 - References for TEM;
 - A Use of Proceeds statement;
 - Subscription Documents (to be completed by the investor); and
 - A Model Form Operating Agreement.
6. Between the date of the initial call to the New Brunswick resident and the date of the reception of the package of information, the New Brunswick resident had received several follow up calls from TEM.
 7. During one follow up call, the New Brunswick resident asked the caller if TEM was licensed to solicit investments in Canada. The caller informed the New Brunswick resident that TEM was properly registered and had many Canadian investors. The New Brunswick resident was also told by this TEM caller that:
 - He wanted the New Brunswick resident to invest \$500,000. When the caller realized that the New Brunswick resident was not willing to invest that much money, he gradually lowered his request, eventually going as low as \$5,000; and
 - It was urgent the New Brunswick resident invest right away.
 8. One TEM caller left several voicemails for the New Brunswick resident. In these voicemails, the caller:
 - Repeatedly asked if the New Brunswick resident was hiding from him; and
 - Told the New Brunswick resident to call him if he wanted to make some money.
 9. In November and December 2011, shortly after receiving the above referenced calls from TEM, the New Brunswick resident began receiving calls soliciting him to invest in two other companies; Secured Precious Metals International, Inc. (“SPMI”) and Falcon Petroleum Resources (“FPR”).
 10. SPMI called the New Brunswick resident several times during November 2011, trying to get him to invest in gold and silver. SPMI also sent an information package to the New Brunswick resident, which contained the following:

- The business card of a man who had previously called the New Brunswick resident (“SPMI1”);
 - A FedEx Billable Stamp, which contained SPMI’s contact information;
 - Banking information informing potential investors where to wire funds;
 - An Account Application;
 - A Customer Purchase & Sale Agreement;
 - A Customer Loan, Security & Storage Agreement; and
 - Several opinion articles regarding investments in gold and silver.
11. Subsequent to receiving the information package, the New Brunswick resident received a voicemail from another man purporting to work for SPMI (“SPMI2”). In the voicemail, SMPI2:
- Acknowledged that the New Brunswick resident had previously spoken to SPMI1, one of SPMI’s Account Executives;
 - Acknowledged that SPMI1 gave the New Brunswick resident information about the gold and silver markets;
 - Said he was calling the New Brunswick resident because SPMI1 had asked him to follow up;
 - Said that he does all the research and market analysis for SPMI; and
 - Asked the New Brunswick resident to call him back.
12. In terms of FPR, the New Brunswick resident began receiving calls from them in late November 2011.
13. Sometime in late November or early December 2011, a man purporting to work on behalf of FPR left a voicemail for the New Brunswick resident, during which he said:
- He was Senior Vice President of FPR;
 - He was in the oil extraction business and had a project he was working on in Louisiana that “carries about a five to one return over 5 years”; and
 - The project “has a great tax write-off.”
14. Other than the fact that TEM, SPMI and FPR solicited the same person at roughly the same time, Staff have no further evidence suggesting these companies are

otherwise related.

15. The solicitations made by the callers on behalf of TEM, SPMI and FPR constitute trading in securities under the *Securities Act*, S.N.B. 2004, c. S-5.5 (the "*Securities Act*"). TEM, SPMI and FPR were not and are not currently registered to trade in securities and have not filed a prospectus or a Report of Exempt Distribution. As such, TEM, SPMI and FPR are in breach of sections 45 and 71(1) of the *Securities Act*.

Relief sought

16. Staff seek the following relief:
 - Upon a hearing being conducted in this matter, an order pursuant to section 184(1)(c), 184(1)(d) that:
 - The Respondents cease trading securities permanently or for such period of time as the Commission may deem appropriate;
 - All trading in any securities offered by the Respondents cease permanently or for such period as the Commission may deem appropriate; and
 - Any exemptions contained in New Brunswick securities law do not apply to the Respondents permanently or for such period as the Commission may deem appropriate.

DATED at the City of Saint John this 2nd day of March, 2012.

"Original signed by"

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